

MONTANA LEGISLATIVE HISTORY

Chapter 416 19 93

Bill H 637 S _____ Original bill & history ✓ C

H. Committee on Business & Economic Development

S. Committee on Business & Industry

Hearing Date(s) Feb 19 ✓ C

Hearing Date(s) Mar 09 ✓ C

_____ C

Mar 12 ✓ C

_____ C

_____ C

_____ C

_____ C

Date Out Feb 19 ✓ C

Mar 12 ✓ C

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

3/29	3RD READING CONCURRED	47	0
	RETURNED TO HOUSE		
4/06	SIGNED BY SPEAKER		
4/07	SIGNED BY PRESIDENT		
4/08	TRANSMITTED TO GOVERNOR		
4/13	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 335		
	EFFECTIVE DATE: 10/01/93		

HB 636 INTRODUCED BY PAVLOVICH, ET AL.
PROHIBIT REFUSAL TO ACCEPT MEDICARE ASSIGNMENT

2/17	INTRODUCED		
2/17	REFERRED TO HUMAN SERVICES & AGING		
2/17	FIRST READING		
2/19	HEARING		
2/19	TABLED IN COMMITTEE		

HB 637 INTRODUCED BY RYAN, ET AL.
ESTABLISH MINIMUM POLICY LANGUAGE STANDARDS FOR
PROPERTY/CASUALTY INSURANCE POLICIES
BY REQUEST OF STATE AUDITOR

2/17	INTRODUCED		
2/17	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT		
2/17	FIRST READING		
2/19	HEARING		
2/19	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/20	2ND READING PASSED	100	0
2/23	3RD READING PASSED	99	0
	TRANSMITTED TO SENATE		
3/01	FIRST READING		
3/01	REFERRED TO BUSINESS & INDUSTRY		
3/09	HEARING		
3/13	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/16	2ND READING CONCURRED	50	0
3/17	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/01	2ND READING AMENDMENTS CONCURRED	97	0
4/02	3RD READING AMENDMENTS CONCURRED	98	1
4/13	SIGNED BY SPEAKER		
4/13	SIGNED BY PRESIDENT		
4/14	TRANSMITTED TO GOVERNOR		
4/19	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 416		
	EFFECTIVE DATE: 10/01/93		

HB 638 INTRODUCED BY GRIMES
PROHIBIT PLACEMENT OF STATUS OFFENDER IN STATE YOUTH
CORRECTIONAL FACILITY
BY REQUEST OF DEPARTMENT OF FAMILY SERVICES

2/17	INTRODUCED		
2/17	REFERRED TO JUDICIARY		
2/17	FIRST READING		
2/18	HEARING		
2/20	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/22	2ND READING PASSED	96	3
2/24	3RD READING PASSED	95	4

House BILL NO. 637

INTRODUCED BY

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: AN ACT ESTABLISHING MINIMUM
POLICY LANGUAGE STANDARDS FOR PROPERTY AND CASUALTY POLICIESDELIVERED IN THE STATE OF MONTANA; AND PROVIDING AN
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1 through 7] may be cited as the "Property and Casualty Insurance Policy Language Simplification Act".

NEW SECTION. Section 2. Purpose. (1) The purpose of [sections 1 through 7] is to establish minimum language and format standards to make property and casualty policies easier to read.

(2) [Sections 1 through 7] are not intended to increase the risk assumed under policies subject to [sections 1 through 7]. [Sections 1 through 7] are not intended to impede flexibility and innovation in the development of policy forms or content. [Sections 1 through 7] do not grant authority to the commissioner to mandate the standardization of policy forms or content.

NEW SECTION. Section 3. Definitions. As used in

[sections 1 through 7], the following definitions apply:

(1) "Casualty insurance" does not include accident and health or disability insurance.

(2) "Policy" or "policy form" means any written contract of property or casualty insurance delivered or issued for delivery in this state by or on behalf of any insurer licensed in this state.

NEW SECTION. Section 4. Applicability. (1) [Sections 1 through 7] apply to all policies with effective dates on or after April 1, 1995.

(2) Other statutes of this state setting simplification standards for language or format do not apply to property and casualty policies.

(3) [Sections 1 through 7] do not apply to policies in manuscript form or to the following kinds of insurance:

- (a) ocean marine;
- (b) surety and financial institution bonds;
- (c) reinsurance; or
- (d) commercial aviation.

(4) A non-English policy is considered in compliance with [section 5] if it was translated from an English policy that complies with [section 5].

NEW SECTION. Section 5. Minimum policy simplification standards. (1) All property and casualty policies subject to [sections 1 through 7] must take into consideration the

1 following factors:

2 (a) use of simple sentence structure and short
3 sentences;

4 (b) use of commonly understood words;

5 (c) avoidance of use of technical legal terms whenever
6 possible;

7 (d) minimal reference to other sections or provisions
8 of the policy;

9 (e) logical organization of text; and

10 (f) legibility.

11 (2) The policy must include a table of contents of
12 important provisions.

13 (3) Each section must be self-contained and
14 independent. However, general provisions applicable to more
15 than one section may be included in a common section.

16 (4) The policy, except for declarations pages,
17 schedules, and tables, must be printed in not less than
18 10-point type, 1-point leaded.

19 (5) The policy must be printed in a legible type style,
20 with adequate contrast between ink and paper. Captions,
21 headings, and spacings must be used to increase overall
22 legibility.

23 (6) The policy must be written in every day,
24 conversational language, consistent with its standings as a
25 contract. Short sentences and a personal style must be used

1 whenever possible.

2 (7) Technical terms and words with special meanings
3 must be avoided whenever possible.

4 (8) The policy text must achieve a minimum score of 40
5 on the Flesch reading ease test, an equivalent score on a
6 comparable test, or a lower score on either if the
7 commissioner finds the policy reasonably easy to read. For
8 purposes of this section, a Flesch reading ease test must be
9 scored by the following method:

10 (a) For a policy containing 10,000 words or less, the
11 entire policy must be analyzed. For a policy containing more
12 than 10,000 words, the readability of two 100-word samples
13 per page may be analyzed instead. The samples must be
14 separated by at least 20 printed lines.

15 (b) The total number of words in the text or sample
16 must be divided by the total number of sentences. The figure
17 obtained must be multiplied by 1.015.

18 (c) The total number of syllables in the text or sample
19 must be divided by the total number of words. The figure
20 obtained must be multiplied by 84.6.

21 (d) The sum of the figures computed under subsections
22 (8)(b) and (8)(c) subtracted from 206.835 equals the Flesch
23 reading ease test score.

24 (9) (a) For purposes of subsection (8), the following
25 procedures must be used:

1 (i) A contraction, hyphenated word, number, and letter,
2 when separated by spaces, are counted as one word.

3 (ii) A unit of text ending with a period, semicolon, or
4 colon is counted as a sentence.

5 (iii) A syllable means a unit of spoken language
6 consisting of one or more letters of a word as divided by an
7 accepted dictionary. When the dictionary shows two or more
8 equally acceptable pronunciations of a word, the
9 pronunciation containing fewer syllables may be used.

10 (iv) At the option of the insurer, a form made a part of
11 the policy may be scored separately or as part of the
12 policy.

13 (b) The term "text", as used in this section, includes
14 all printed matter except:

15 (i) the name and address of the insurer;

16 (ii) the name, number, or title of the policy or form;

17 (iii) the table of contents or index;

18 (iv) headings and captions; and

19 (v) declarations pages, schedules, or tables.

20 NEW SECTION. Section 6. Powers of commissioner. (1) At
21 the commissioner's discretion, the commissioner may extend
22 any dates under [sections 1 through 7].

23 (2) The commissioner has sole authority to enforce the
24 provisions of [sections 1 through 7] or to seek remedies for
25 its violation.

1 (3) The commissioner may authorize a lower score than
2 the Flesch reading ease score required in [section 5] when,
3 in the commissioner's discretion, a lower score:

4 (a) will provide a more accurate reflection of the
5 readability of a policy;

6 (b) is warranted by the nature of a particular policy
7 or type or class of policy; or

8 (c) is caused by certain policy language that is
9 drafted to conform to the requirements of any state law,
10 regulation, or agency interpretation.

11 NEW SECTION. Section 7. Compliance with other
12 statutorily required language. The requirements of any other
13 laws that specify the language or content of a policy may be
14 met by a policy complying with the provisions of [section
15 5]. However, the policy must provide protection that,
16 considered as a whole, is not less favorable to the insured
17 than is required by the other laws.

18 NEW SECTION. Section 8. Codification instruction.
19 [Sections 1 through 7] are intended to be codified as an
20 integral part of Title 33, chapter 15, and the provisions of
21 Title 33, chapter 15, apply to [sections 1 through 7].

22 NEW SECTION. Section 9. Applicability. Insurers
23 offering personal lines policies in this state shall comply
24 with [sections 1 through 7] by April 1, 1995.

-End-

COMMITTEE--HOUSE BUSINESS & ECONOMIC DEVELOPMENT

Page 7

- BILL NO - REFERRED - HEARING - OTHER CONSIDERATION DATES - EXECUTIVE ACTION/DATE/VOTE - REREFERRED - DATE READ

HB0556	DAILY, FRITZ	REGULATE CABLE TELEVISION							
	2/10	2/15		TABLED ON	02/15	VOTE: 10-8			
HB0575	DEBRUYCKER, ROGER	REVISE FARM MUTUAL INSURANCE LAWS							
	2/10	2/16		DO PASS	2/16	VOTE: 18-0			2/16
HB0577	BROWN, DAVE	REVISE AND CLARIFY CORPORATION LAWS							
	2/10	2/16		PASS AS AMENDED	2/16	VOTE: 18-0			2/16
HB0585	COCCHIARELLA, VICKI	RADON CONTROL ACT							
	2/10	2/17		PASS AS AMENDED	2/18	VOTE: 18-0	APPROPRIATIONS		2/19
HB0593	SCHYE, TED	SEASONAL BEER AND WINE LICENSE FOR YELLOWSTONE AIRPORT							
	2/11	2/17		DO PASS	2/17	VOTE: 18-0			2/17
HB0594	LARSON, DON	CLARIFY BEER AND WINE LICENSE TRANSFER OBLIGATIONS FOR CREDIT PURCHASES							
	2/11	2/17		DO PASS	2/17	VOTE: 17-1			2/17
HB0596	WISEMAN, WILLIAM	RECIPROCITY FOR TRUST COMPANIES							
	2/11	2/17		PASS AS AMENDED	2/18	VOTE: 12-6			2/19
HB0600	TUSS, CARLEY	REVISE EXTENDED HEALTH-CARE INSURANCE TO INCLUDE PARTIAL HOSPITALIZATION							
	2/12	2/17		TABLED ON	02/17	VOTE: 12-6			
HB0611	WISEMAN, WILLIAM	REVISE LANDLORD-TENANT LAW							
	2/13	2/17		TABLED ON	02/17	VOTE: 18-0			
HB0612	DOLEZAL, ED	REGULATE TELEPHONE SOLICITATION SALES							
	2/13	2/17		TABLED ON	02/17	VOTE: 10-8			
HB0635	FAGG, RUSSELL	ALLOW SEC. OF STATE TO REMOVE IMPROPER OR FRAUDULENT LIEN FILINGS							
	2/16	2/18		DO PASS	2/18	VOTE: 18-0			2/19
HB0637	RYAN, WILLIAM	MINIMUM POLICY LANGUAGE STANDARDS FOR PROPERTY/CASUALTY INSURANCE POLICIES							
	2/17	2/19		PASS AS AMENDED	2/19	VOTE: 15-3			2/19

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By CHAIRMAN STEVE BENEDICT, on February 19, 1993,
at 11:00 A.M.

ROLL CALL

Members Present:

Rep. Steve Benedict, Chair (R)
Rep. Sonny Hanson, Vice Chair (R)
Rep. Bob Bachini (D)
Rep. Joe Barnett (R)
Rep. Ray Brandewie (R)
Rep. Vicki Cocchiarella (D)
Rep. Fritz Daily (D)
Rep. Tim Dowell (D)
Rep. Alvin Ellis (R)
Rep. Stella Jean Hansen (D)
Rep. Jack Herron (R)
Rep. Dick Knox (R)
Rep. Don Larson (D)
Rep. Norm Mills (R)
Rep. Bob Pavlovich (D)
Rep. Bruce Simon (R)
Rep. Carley Tuss (X) D
Rep. Doug Wagner (R)

Members Excused: All Present

Members Absent: None

Staff Present: Paul Verdon, Legislative Council
Claudia Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 637
Executive Action: HB 637

HEARING ON HB 637

Opening Statement by Sponsor:

REP. WILLIAM RYAN, House District 38, Great Falls, said HB 637 is
an act establishing minimum policy language standards for
property and casualty policies delivered in the state of Montana

2

and providing an applicability date. This bill simplifies language so other than doctors and lawyers can read it. He said HB 637 does the same thing that was done in prior legislation to simplify language for life and health disability insurance. The National Association of Insurance Commissioners started working on this language in 1979 to bring the states together and into compliance. In 1989, the association came up with the final draft with modifications and this is the bill before the committee today. Rep. Ryan read a list of states that have already adopted these standards. On page 1, sections 1 through 7 are not intended to increase the risk assumed under policies subjected to nor intended to impede flexibility and innovation in the development of policy forms or content.

Proponents' Testimony:

Frank Cote, Chief Deputy of Insurance Commissioner, said HB 627 is a consumer protection bill. It would require property casualty companies to write their policies in such a manner that a lay person may understand them. By passing HB 627, the committee will be giving Montana consumers the ability to read and understand their property casualty contracts and will also give the property casualty agents the ability to easily review the contracts with their clients. He distributed written testimony. SEE EXHIBIT 1

Opponents' Testimony:

Jacqueline Lenmark, American Insurance Association (AIA), said she was also speaking on behalf of Greg Van Horssen for State Farm Insurance, Gene Phillips with the National Association of Independent Insurers and Ron Waterman with Farmers Insurance. Ms. Lenmark said she and the other opponents she is speaking for are reluctant with the bill, but generally support the concept contained in HB 637. They oppose the bill because they received it so late and none of the principals have had the opportunity to review it. They felt the bill was a cut and paste product compared to the draft that was originally given to them. She went through the bill to show the committee where she could see potential problems. On page 3, subsection 3, it states that each section must be self-contained and independent. She said it sounds like a logical provision, but it is contrary to general contract law principles. Contract law principles require that a contract be interpreted as a whole, unless there is something in the contract that specifically provides that. In subsection (4), she did not know what was meant by 10-point type, or a 1-point leaded. She said that many of the forms used are standardized and approved by the insurance commissioner of Montana and other states. In subsection 6, policy must be written in everyday common language, a concept that the American Insurance Association endorses. State Farm has a pro-active program to make their policies readable. As a lawyer working in the insurance area, she said there are terms that have developed over time that are well established. If this is changed, she did not know what impact it would have on a body of law that is already established. She said it may be a cost to the consumer instead

8

of benefiting the consumer. Ms. Lenmark wanted to know why part of the codification of the chapter wasn't amended in to properly address property/casualty policies. She recommended that HB 637 be given a do not pass. The opponents she mentioned asked to be given more time to work on the language to achieve the goal of this bill, and be less than an inadvertent cost to the consumer because of a good intention.

Questions From Committee Members and Responses:

Rep. Bachini asked Jacqueline Lenmark if she was mainly opposed because they did not have the time to go through the bill, and if the committee passes the bill out to the floor of the House, would she and the others be able to work out the small details? Ms. Lenmark replied yes.

Rep. Ellis asked Frank Cote why wasn't language amended in to simplify property/casualty like the health and life disability insurance. Mr. Cote deferred the question to Dave Drynan, Insurance Commissioner, said all the bills presented for drafting go before the NAIC, National Association of Insurance Commission. In conjunction with the National Association, there is the ISO (Interstate Office) in New York, a private enterprise, that creates forms and rates for the industry, which a great majority of the industry adopts. Independent agents adopt the forms and develop their own language based on the recommendations. He said life and health disability insurance and property and casualty insurance are two distinct areas of insurance. There are sections in the codes that address life and health, and codes that address property and casualty. Rep. Ellis said it was suggested that this bill was not modeled after the modeled codes, but rather after the Florida laws and other pacific states, why was that attack taken? Mr. Drynan said this is based beyond the NAIC modeled codes and the Florida codes. The NAIC codes were incorporated, and the only difference with this bill and what is currently being used throughout the state, will allow the commissioner to make an exception.

Rep. Ellis asked Jacqueline Lenmark to answer the same question. Ms. Lenmark said without the opportunity to compare this bill with the NAIC model, if this is in fact the only difference, it is perfectly acceptable. She said their reservations are based on the fact that they simply do not know and have not had the opportunity to work on the bill.

Rep. Pavlovich asked Jacqueline Lenmark about a bill that was before the committee in the 1987 to simplify language, and if this wasn't it? Ms. Lenmark said that life and health language is included in Title 33, but was enacted on in 1981. She said there is also a general contract simplification language that was codified in Title 28, and thought maybe this was what he was referring to.

Rep. Cocchiarella said she has a life insurance policy and learned at that time about the policy Language Simplification Act. When she reads through the HB 637, the language is the same

that she has in her policy, and asked Dave Drynan if this is correct? Mr. Drynan said it is. He said most of the life and health policies written in the state of Montana and the United States are domicile to the United States. Much of the property and casualty policy business is written outside of the United States, and the most popular is Lloyds of London. Most of the Lloyds of London forms are popular throughout the world. He said Lloyds of London is not going to change their forms for the state of Montana. Rep. Cocchiarella asked if it was unreasonable for Montana to write simplified language for property/casualty policies when other insurance companies are complying with the act? Mr. Drynan said it wasn't unreasonable. He said State Farm Insurance is coming out with the simplified language. The policies that are currently in place will meet or exceed the language required in this bill.

Rep. Ellis asked Frank Cote what enforcement do they have to deny the insurance companies the opportunity to do business in this state? Mr. Cote said they can deny the particular rate and form. He said all the rates and forms need to be improved for all insurance companies that do business in Montana. If these insurance companies come into Montana and their policies do not meet Montana's specifications, they can deny that particular form, if they don't use Montana's form they will be in violation and can be fined.

Closing by Sponsor:

Rep. Ryan closed stating the opponents that were heard did not have any real objections to the bill other than the time element. He offered to work with them so the bill could be heard in the Senate. He said this bill is not unreasonable, and mentioned that State Farm, Farmer's Insurance Group, and Allstate Insurance all have easy reader policies. He asked the committee to give HB 637 a do pass.

EXECUTIVE ACTION ON HB 637

Motion: REP. COCCHIARELLA MOVED HB 637 DO PASS.

Discussion: Rep. Cocchiarella said her life insurance policy has incorporated simplification language, and this bill will protect the consumer by allowing them to read and understand their policies. The General Simplification Act passed in 1981 by the House and Senate has made it easier for the insurance agents to work with the public and are thankful for it. This bill should not be an anti-industry issue, but a consumer issue. This bill doesn't do anything more than the life insurance language does.

Rep. Sonny Hanson said the problem he has with the bill is the language that requires each section to be self-contained. He suggested to table the bill and let the industry come back later with some common language, but rest of the committee members were against the request.

Rep. Larson said HB 637 is a good bill and tries to bring Montana into the real world and follows the national standards. He said the precedence is already there to do this with life and health insurance.

Rep. Bachini said he would vote against the table motion, because Jacqueline Lenmark said she would be willing to work out the details with the auditor's office before it went to the Senate. They did not have an opportunity to look the bill over prior to this committee hearing.

Rep. Simon proposed to amend the bill by changing the date from 1995 to 1996. If there is a problem in two years, the committee will have the opportunity to come back and correct it. This is a national trend and wanted the date to read April 1, 1996.

Motion/Vote: REP. SIMON MOVED TO ADOPT AN AMENDMENT TO READ APRIL 1, 1996. Rep. Bachini called the question. Voice Vote was taken. Motion CARRIED 16 - 2 with Reps. Stella Jean Hansen and Cocchiarella voting no.

Motion/Vote: REP. BACHINI MOVED HB 637 DO PASS AS AMENDED. Question was called. Voice vote was taken. Motion CARRIED 15 - 3 with Reps. Barnett, Sonny Hanson and Brandewie voting no.

Vote: HB 637 DO PASS AS AMENDED. Motion CARRIED 15 - 3.

11

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE 2-19-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ALVIN ELLIS	✓		
REP. DICK KNOX	✓		
REP. NORM MILLS	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. JACK HERRON	✓		
REP. TIM DOWELL	✓		
REP. CARLEY TUSS	✓		
REP. STELLA JEAN HANSEN	✓		
REP. BOB PAVLOVICH	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. BOB BACHINI	✓		
REP. DON LARSON	✓		
REP. BRUCE SIMON	✓		
REP. DOUG WAGNER	✓		
REP. SONNY HANSON, VICE CHAIRMAN	✓		
REP. STEVE BENEDICT, CHAIRMAN	✓		

HR:1993

wp.rollcall.man

HOUSE STANDING COMMITTEE REPORT

February 19, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 637 (first reading copy -- white) do pass as amended .

Signed: _____
Steve Benedict, Chair

And, that such amendments read:

1. Page 6, line 24.
Strike: "1995"
Insert: "1996"

-END-

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 1
DATE 2-19-93
HB 637



Mark O'Keefe
STATE AUDITOR

COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

HB637

February 19, 1993

House bill 637 is truly a consumer protection bill. It is a consumer protection bill in that it would require property casualty companies to write their policies in such a manner that a lay person may understand them.

In my life before the State Auditors office, I was a life insurance agent. As a life agent, I had many opportunities to review contracts with policyholders. In fact, I did not deliver a contract without reading through the provisions with the owner page by page. When I left my clients' homes and businesses, they understood what they had purchased. They understood not because I was a communicator who took the time, but rather they understood because life insurance policies are required to have easy to read provisions such as the ones we are offering for property casualty today.

This bill is not a particularly onerous one for insurance companies. This bill would allow companies over two years to come into compliance with the regulations.

I'm sure most of you have some form of property casualty insurance. Have you ever read the contract? Has your agent ever reviewed it with you upon delivery or did you receive your policy in the mail? I know I have never read my property casualty contracts. My agent, who is one of the finest in the industry, has never taken the time to review the policy with me. At this point in time, I could not even tell you what my deductible is.

By passing HB637, you will be giving Montana consumers the ability to read and understand their property casualty contracts and you will also give property casualty agents the ability to easily review those contracts with their clients.

EXHIBIT 2
DATE 2-19-93
HB 637

Amendments to House Bill No. 637
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 19, 1993

1. Page 6, line 24.
Strike: "1995"
Insert: "1996"

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business and Economics COMMITTEE
DATE 2/19/93 SPONSOR(S) Rep. Ryan

BILL NO. HB 637

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Jacqueline Denmark	Am. Ins. Assoc		✓
Greg Tan Horssen	State Farm Ins		✓
Gene Phillips	NAII		✓
Rob Waterman	Farmers Ins.		✓
FRANK Cote	S A O	✓	
Dave Drymon	S A O	✓	
DEBBIE BERNEY	PAC. INS. AGTS. OF MT		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

CHAIRMAN--J.D. LYNCH

NORMAL SCHEDULE==> SITE: ROOM 410

DAYS: M,T,W,T,F

TIME: 10:00 A.M.

SECRETARY-KRISTIE WOLTER

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0637	3/01	3/09		CONCUR AS AMENDED		3/13
RYAN, WILLIAM			MINIMUM POLICY LANGUAGE STANDARDS FOR PROPERTY/CASUALTY INSURANCE POLICIES			
HJ0016	3/01	3/18		CONCUR		3/19
QUILICI, JOE			RESOLUTION URGING NATIONAL DESIGNATION FOR BUTTE-ANACONDA AREA			
HJ0023	3/01	3/18		CONCUR		3/19
GERVAIS, FLOYD			RESOLUTION URGING GLACIER PARK INC. & PARK SERVICE TO SUPPORT LOCAL ECONOMY			

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on March 9, 1993, at 10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. John Brenden (R)
Sen. Betty Bruski-Maus (D)
Sen. Delwyn Gage (R)
Sen. Tom Hager (R)
Sen. Ethel Harding (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Bill Wilson (D)

Members Excused: Senator Hager

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 390, HB 465, HB 637
Executive Action: HB 390, HB 465, HB 201, HB 305, HB 222

HEARING ON HB 390

Opening Statement by Sponsor:

Representative Joe Quilici, House District 71, stated HB 390 referred to the Integrated Least Cost Planning Bill. He stated HB 390 was a compromise reached between the Northwest Power Planning Council, Bonneville Power, Central Montana Electric Cooperatives, Montana Environmental Information Center, Montana Power Company and Montana/Dakota Utilities. He stated HB 390 would clarify the Public Service Commission's (PSC) authority to

Tom Hopgood, Health Insurance Agency of America stated his support of HB 465.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Klampe asked Mr. Cote to explain how the policies would differ in scope and prices. Mr. Cote stated policy "A" is the base policy, and the policies from there would increase benefits and would cost more. He stated the companies selling the policies will label their policies the same, and the policies will be identical with the exception that companies will have the right to charge different premiums.

Senator Christiaens asked Mr. Cote to expand on the "pre-existing conditions" he had addressed earlier. Senator Christiaens also wanted to know if the policies are going to be in easily understood language, and if HB 465 would be standardized for the Health Care Financing Administration (HCFA). Mr. Cote stated that when a person becomes eligible for Medicare supplement insurance at age 65, the person may purchase a supplement policy regardless of his or her health. He stated the "pre-existing condition" clause would only be for a six month time period. He stated the policies will be subject to the "plain english" statute. He stated HB 465 would be consistent with HCFA standards.

Closing by Sponsor:

Representative Ryan closed on HB 465 stating it was good legislation for senior citizens.

HEARING ON HB 637

Opening Statement by Sponsor:

Representative Bill Ryan stated HB 637 provided for easy readability in property and casualty policies. He stated HB 637 would establish minimum language standards for these policies. He stated the law already applied to health and life insurance policies. Representative Ryan noted that there had been amendments proposed which were agreed upon by the insurance industry and the Insurance Commissioner (Exhibit #6).

Proponents' Testimony:

Frank Cote, Deputy Insurance Commissioner, stated HB 637 was a consumer protection bill. He stated it would require property/casualty companies to write their policies so a layperson may understand the language. He stated HB 637 would give the consumer the ability to read and understand their contracts and added it would also give the agents the ability to easily review the policy with their clients.

Mark O'Keefe, State Auditor, stated people were complaining that they could not understand the language in their insurance policies. He stated HB 637 would address that problem.

Jacqueline Lenmark, American Insurance Agents, stated she was in support of HB 637. She distributed proposed amendments to HB 637 (Exhibit #6) and reviewed them with the Committee.

Roger McGlenn, Executive Director, Independent Insurance Agents Association of Montana and Executive Director, Montana Surplus Lines Insurance Association, stated the Associations' support of HB 637. He stated he had a concern with surplus lines insurance. Referring to Section 4, line 17, subsection 3, he stated the requirements of HB 637 do not apply to policies in manuscript form to a list of different kinds of insurance. Mr. McGlenn stated surplus lines policies are in manuscript form and are covered by HB 637. He stated he would like it clarified that surplus lines are covered in HB 637.

Greg VanHorssen, State Farm Insurance Company, stated his support of HB 637 with the amendments proposed by Ms. Lenmark.

Ron Waterman, Farmers Insurance Groups, stated his support of HB 637 with the amendments proposed by Ms. Lenmark.

Gene Phillips, National Association of Independent Insurers, stated his support of HB 637.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Christiaens asked Ms. Lenmark if she could provide him a sample of an insurance policy which has been clarified. Ms. Lenmark stated she would.

Closing by Sponsor:

Representative Ryan closed on HB 637, stating it was a good consumer bill. He stated Senator Christiaens would carry HB 637 on the Senate floor.

Announcement:

Chair Lynch announced Representative Tuss had injured her back and was unable to present HB 545. He stated HB 545 would be rescheduled for hearing.

EXECUTIVE ACTION ON HB 390

Motion:

Senator Christiaens moved HB 390 BE CONCURRED IN.

Discussion:

Senator Brenden explained to the Committee about global warming and how it would affect HB 390. He stated global warming is an externality, and externalities can be added on to the costs of utilities.

Vote:

The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 465

Motion/Vote:

Senator Kennedy moved HB 465 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 201

Motion/Vote:

Senator Christiaens moved HB 201 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

ROLL CALL

SENATE COMMITTEE Business & Industry DATE 3/9/92

NAME	PRESENT	ABSENT	EXCUSED
Senator Lynch	✓		
Senator Christiaens	✓		
Senator Brenden	✓		
Senator Gage	✓		
Senator Hager			✓
Senator Harding	✓		
Senator Kennedy	✓		
Senator Klampe	✓		
Senator Koehnke	✓		
Senator Mesaros	✓		
Senator Rea	✓		
Senator Bruski-Maus	✓		
Senator Wilson	✓		

Amendments to House Bill No. 637
Third Reading Copy

Prepared by Jacqueline Lenmark
American Insurance Association

March 9, 1993

1. Page 2, line 11.
Following: "Applicability."
Strike: remainder of lines 11 through 13 in their entirety
Renumber: subsequent subsections.

NOTE: This subsection appears to be redundant to Section 9 which was amended by the House Business and Economic Development Committee.

2. Page 3, line 5.
Strike: "and"
Insert: "L"
3. Page 3, line 6.
Following: "sentences"
Insert: "and personal style"
4. Page 3, line 7.
Following: "words"
Insert: "and every day conversational language consistent with the policy's standing as a contract"

NOTE: Section 5(a) and (b) appear to be substantially redundant to Section 5(6). Section 5(7) is clearly redundant to Section 5(1)(c). I have prepared the amendments to delete subsections (6) and (7) and to move the additional language into Section 5(1)(a) through (f).

5. Page 3, line 8.
Following: "technical"
Insert: "and"
Following: "terms"
Insert: "and words with special meanings"
6. Page 3, line 14.
Following: "contents"
Insert: "and notice section"
7. Page 4, lines 1 through 6.
Strike: subsections (6) and (7) in their entirety
Renumber: subsequent subsections

8. Page 4

Following: line 6

Insert: "(6) POLICY EXCLUSIONS MAY USE TECHNICAL TERMS AND TERMS WITH COURT-INTERPRETED AND SPECIAL MEANING TO INSURE POLICY CLARITY."

9. Page 6.

Following: line 20

Insert: "NEW SECTION. Section 8. Liability and coverage not imputed. The existence or nonexistence of coverage or liability under a policy may not be construed from policy approval by the commissioner."

Renumber: subsequent sections

10. Page 6, line 25 through page 7, line 2.

Strike: section 9 in its entirety

Insert: "NEW SECTION. Section 9. Applicability. [Sections 1 through 8] apply to all policies issued or renewed on or after April 1, 1996."

11. Page 1, lines 15, 18, 21, 23 (two occurrences), and 25

Page 2, lines 4, 12, and 17

Page 3, line 3

Page 5, line 25

Page 6, lines 2, 22, and 24

Page 7, line 2

Following: "through"

Strike: "7"

Insert: "8".

NOTE: This last amendment is simply to accommodate the addition of a new section to the bill.

DATE 3/9/93

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: HB 390, 465, 545, 637

Name	Representing	Bill No.	Check One	Support	Oppose
------	--------------	----------	-----------	---------	--------

Greg Van Horssen	State Farm	545		✓
Greg Van Horssen	State Farm	637		✓
MARK E. NELSON	State Auditor	545	✓	
		465	✓	
Jaqueline Denmark	Am. Ins. Assoc.	465		
		637	✓	
GENE PHILLIPS	N A I I	HB		
		637		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on March 12, 1993, at 10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. John Brenden (R)
Sen. Betty Bruski-Maus (D)
Sen. Delwyn Gage (R)
Sen. Tom Hager (R)
Sen. Ethel Harding (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Bill Wilson (D)

Members Excused: Senator Hager

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 314
Executive Action: HB 637, HB 577

HEARING ON SB 314

Opening Statement by Sponsor:

Senator Chris Christiaens, Senate District 18, stated SB 314 would allow for each subdivision of issuer to pay portfolio registration fees. He stated SB 314 would help the Securities Commissioner regulate the securities industry by making all sellers of securities register and pay a fee with the state. He stated the registration would allow the Commissioner to review portfolios and possibly eliminate fraudulent sales of securities.

Proponents' Testimony:

Mark O'Keefe, State Auditor stated SB 314 would protect the Montana consumers and allow for the Securities Department to regulate the industry.

Ed Caplis, Montana Securities Commission, stated 50% of the victims of fraudulent securities sales are senior citizens. He stated SB 314 would make the sellers of securities present a disclosure on the security they are going to sell. He stated the disclosure would show the rate of return on the security and the background of the seller. He stated SB 314 would protect the investors in Montana.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Lynch asked Dave Hunter, Director, Securities Division, State Auditors Office, how the 2 additional full-time employees (FTE's) which are listed in the fiscal note would be financed. Mr. Hunter stated the 2 FTE's aren't guaranteed, but would be necessary to complete the registration of the securities agents. He stated the financing would come under HB 2 and they would lobby for funding when the time arose.

Senator Klampe asked Mr. Hunter to where income from SB 314 would be dispersed. Mr. Hunter stated the income would go into the state's special fund. Senator Klampe asked Mr. Hunter to explain how the annual renewal of the registration fee would operate. Mr. Hunter stated the annual renewal would either fall on the first day of October every year, which would be the passage date of SB 314, or the date on which the registration was paid.

Closing by Sponsor:

Senator Christiaens closed stating SB 314 would be a good consumer bill and would also help raise income for the state. He asked the Committee for favorable consideration of SB 314.

EXECUTIVE ACTION ON HB 637Motion/Vote:

Senator Christiaens moved HB 637 BE AMENDED (Exhibit #1). The motion CARRIED UNANIMOUSLY.

Motion/Vote:

Senator Christiaens move HB 637 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 577

Motion/Vote:

Senator Christiaens moved HB 577 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 222

Motion:

Senator Christiaens moved HB 222 BE AMENDED TO ALTERNATIVE 1 (Exhibit #2).

Discussion:

Senator Lynch opened the floor to discussion.

Beth Baker stated the Department felt alternative 2 was a much more acceptable alternative to HB 222. She stated alternative 2 would not regulate the selling of fire extinguishers, just the servicing of them.

Motion:

Senator Klampe made a substitute motion that HB 222 be AMENDED TO ALTERNATIVE 2 (Exhibit #2).

Vote:

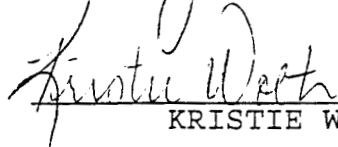
Motion passed on Roll Call Vote.

ADJOURNMENT

Adjournment: 10:30 a.m.



SENATOR J.D. LYNCH, Chair



KRISTIE WOLTER, Secretary

ROLL CALL

SENATE COMMITTEE Business & Industry DATE 3/12/93

NAME PRESENT ABSENT EXCUSED

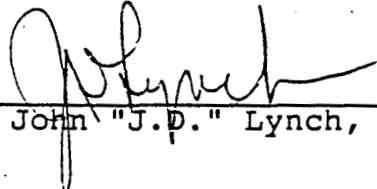
Senator Lynch	✓		
Senator Christiaens	✓		
Senator Brenden	✓		
Senator Gage	✓		
Senator Hager			✓
Senator Harding			✓
Senator Kennedy	✓		
Senator Klampe	✓		
Senator Koehnke	✓		
Senator Mesaros	✓		
Senator Rea	✓		
Senator Bruski-Maus	✓		
Senator Wilson	✓		

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
March 12, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 637 (first reading copy -- blue), respectfully report that House Bill No. 637 be amended as follows and as so amended be concurred in.

Signed: 

Senator John "J.D." Lynch, Chair

That such amendments read:

1. Page 2, lines 11 through 13.

Strike: "(1)" on line 11 through "1995." on line 13

Renummer: subsequent subsections

2. Page 3, line 5.

Strike: "and"

Insert: ", "

3. Page 3, line 6.

Following: "sentences"

Insert: ", and personal style"

4. Page 3, line 7.

Following: "words"

Insert: "and everyday conversational language consistent with the policy's standing as a contract"

5. Page 3, line 8.

Following: "technical"

Insert: "and"

Following: "terms"

Insert: "and words with special meanings"

6. Page 3, line 14.

Following: "contents"

Insert: "and notice section"

7. Page 4, lines 1 through 6.

Strike: "The" on line 1 through "possible." on line 6

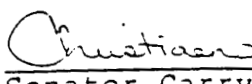
Insert: "Policy exclusions may use technical terms, terms with special meanings, and court-interpreted terms to ensure policy clarity."

8. Page 6, following line 20.

Insert: "

NEW SECTION. Section 8. Liability and coverage not


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

561050SC.San

imputed. The existence or nonexistence of coverage or liability under a policy may not be construed from policy approval by the commissioner."

Renumber: subsequent subsections

9. Page 6, line 25 through page 7 line 2.

Strike: "Insurers" on page 6, line 25 through "by" on page 7, line 2

Insert: "[Sections 1 through 8] apply to all policies issued or renewed on or after"

10. Page 1, lines 15, 18, 21, 23(two occurrences), and 25.

Page 2, lines 4 and 17

Page 3, line 3

Page 5, line 25

Page 6, lines 2, 22, and 24

Strike: "7"

Insert: "8"

-END-

Amendments to House Bill No. 637
Third Reading Copy

Requested by Representative Ryan
For the Committee on Business and Industry

Prepared by Bart Campbell
March 10, 1993

1. Page 2, lines 11 through 13.

Strike: "(1)" on line 11 through "1995." on line 13

Renumber: subsequent subsections

2. Page 3, line 5.

Strike: "and"

Insert: ", "

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

3. Page 3, line 6.

Following: "sentences"

Insert: ", and personal style"

DATE 3/12/93

BILL NO. HB 637

4. Page 3, line 7.

Following: "words"

Insert: "and everyday conversational language consistent with the
policy's standing as a contract"

5. Page 3, line 8.

Following: "technical"

Insert: "and"

Following: "terms"

Insert: "and words with special meanings"

6. Page 3, line 14.

Following: "contents"

Insert: "and notice section"

7. Page 4, lines 1 through 6.

Strike: "The" on line 1 through "possible." on line 6

Insert: "Policy exclusions may use technical terms, terms with
special meanings, and court-interpreted terms to ensure
policy clarity."

8. Page 6, following line 20.

Insert: "

NEW SECTION. Section 8. Liability and coverage not
imputed. The existence or nonexistence of coverage or liability
under a policy may not be construed from policy approval by the
commissioner."

Renumber: subsequent subsections

9. Page 6, line 25 through page 7 line 2.

Strike: "Insurers" on page 6, line 25 through "by" on page 7, line
2

Insert: "[Sections 1 through 8] apply to all policies issued or
renewed on or after"

10. Page 1, lines 15, 18, 21, 23 (two occurrences), and 25.
Page 2, lines 4 and 17
Page 3, line 3
Page 5, line 25
Page 6, lines 2, 22, and 24
Strike: "7"
Insert: "8"

HOUSE BILL NO. 637

INTRODUCED BY RYAN, CHRISTIAENS, VOGEL, LARSON, BARNHART,
STRIZICH, S. RICE, BROOKE, DRISCOLL, RUSSELL, STANFORD,
DOLEZAL, GERVAIS, L. NELSON, HAYNE, PETERSON, D. BROWN,
WHALEN, GALVIN, MCCULLOCH
BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING MINIMUM
POLICY LANGUAGE STANDARDS FOR PROPERTY AND CASUALTY POLICIES
DELIVERED IN THE STATE OF MONTANA; AND PROVIDING AN
APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Short title. [Sections 1
through 7 8] may be cited as the "Property and Casualty
Insurance Policy Language Simplification Act".

NEW SECTION. Section 2. Purpose. (1) The purpose of
[sections 1 through 7 8] is to establish minimum language
and format standards to make property and casualty policies
easier to read.

(2) [Sections 1 through 7 8] are not intended to
increase the risk assumed under policies subject to
[sections 1 through 7 8]. [Sections 1 through 7 8] are not
intended to impede flexibility and innovation in the
development of policy forms or content. [Sections 1 through

7 8] do not grant authority to the commissioner to mandate
the standardization of policy forms or content.

NEW SECTION. Section 3. Definitions. As used in
[sections 1 through 7 8], the following definitions apply:

(1) "Casualty insurance" does not include accident and
health or disability insurance.

(2) "Policy" or "policy form" means any written
contract of property or casualty insurance delivered or
issued for delivery in this state by or on behalf of any
insurer licensed in this state.

NEW SECTION. Section 4. Applicability. ~~[(1) [Sections 1
through 7 8] apply to all policies with effective dates on or
after April 17, 1995.]~~

~~[(2)(1)]~~ Other statutes of this state setting
simplification standards for language or format do not apply
to property and casualty policies.

~~[(3)(2)]~~ [Sections 1 through 7 8] do not apply to
policies in manuscript form or to the following kinds of
insurance:

- (a) ocean marine;
- (b) surety and financial institution bonds;
- (c) reinsurance; or
- (d) commercial aviation.

~~[(4)(3)]~~ A non-English policy is considered in compliance
with [section 5] if it was translated from an English policy

that complies with [section 5].

NEW SECTION. Section 5. Minimum policy simplification standards. (1) All property and casualty policies subject to [sections 1 through 7 8] must take into consideration the following factors:

(a) use of simple sentence structure and, short sentences, AND PERSONAL STYLE;

(b) use of commonly understood words AND EVERYDAY CONVERSATIONAL LANGUAGE CONSISTENT WITH THE POLICY'S STANDING AS A CONTRACT;

(c) avoidance of use of technical AND legal terms AND WORDS WITH SPECIAL MEANINGS whenever possible;

(d) minimal reference to other sections or provisions of the policy;

(e) logical organization of text; and

(f) legibility.

(2) The policy must include a table of contents AND NOTICE SECTION of important provisions.

(3) Each section must be self-contained and independent. However, general provisions applicable to more than one section may be included in a common section.

(4) The policy, except for declarations pages, schedules, and tables, must be printed in not less than 10-point type, 1-point leaded.

(5) The policy must be printed in a legible type style,

with adequate contrast between ink and paper. Captions, headings, and spacings must be used to increase overall legibility.

(6) ~~The---policy---must---be---written---in---every---day, conversational-language-consistent-with-its-standings-as--a contract---Short-sentences-and-a-personal-style-must-be-used whenever--possible-~~ POLICY EXCLUSIONS MAY USE TECHNICAL TERMS, TERMS WITH SPECIAL MEANINGS, AND COURT-INTERPRETED TERMS TO ENSURE POLICY CLARITY.

(7) Technical terms and words with special meanings must be avoided whenever possible.

(8) The policy text must achieve a minimum score of 40 on the Flesch reading ease test, an equivalent score on a comparable test, or a lower score on either if the commissioner finds the policy reasonably easy to read. For purposes of this section, a Flesch reading ease test must be scored by the following method:

(a) For a policy containing 10,000 words or less, the entire policy must be analyzed. For a policy containing more than 10,000 words, the readability of two 100-word samples per page may be analyzed instead. The samples must be separated by at least 20 printed lines.

(b) The total number of words in the text or sample must be divided by the total number of sentences. The figure obtained must be multiplied by 1.015.

(c) The total number of syllables in the text or sample must be divided by the total number of words. The figure obtained must be multiplied by 84.6.

(d) The sum of the figures computed under subsections (8)(b) and (8)(c) subtracted from 206.835 equals the Flesch reading ease test score.

(9) (a) For purposes of subsection (8), the following procedures must be used:

(i) A contraction, hyphenated word, number, and letter, when separated by spaces, are counted as one word.

(ii) A unit of text ending with a period, semicolon, or colon is counted as a sentence.

(iii) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. When the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.

(iv) At the option of the insurer, a form made a part of the policy may be scored separately or as part of the policy.

(b) The term "text", as used in this section, includes all printed matter except:

(i) the name and address of the insurer;

(ii) the name, number, or title of the policy or form;

(iii) the table of contents or index;

(iv) headings and captions; and

(v) declarations pages, schedules, or tables.

NEW SECTION. Section 6. Powers of commissioner. (1) At the commissioner's discretion, the commissioner may extend any dates under [sections 1 through 7 8].

(2) The commissioner has sole authority to enforce the provisions of [sections 1 through 7 8] or to seek remedies for its violation.

(3) The commissioner may authorize a lower score than the Flesch reading ease score required in [section 5] when, in the commissioner's discretion, a lower score:

(a) will provide a more accurate reflection of the readability of a policy;

(b) is warranted by the nature of a particular policy or type or class of policy; or

(c) is caused by certain policy language that is drafted to conform to the requirements of any state law, regulation, or agency interpretation.

NEW SECTION. Section 7. Compliance with other statutorily required language. The requirements of any other laws that specify the language or content of a policy may be met by a policy complying with the provisions of [section 5]. However, the policy must provide protection that, considered as a whole, is not less favorable to the insured than is required by the other laws.

1 NEW SECTION. SECTION 8. LIABILITY AND COVERAGE NOT
2 IMPUTED. THE EXISTENCE OR NONEXISTENCE OF COVERAGE OR
3 LIABILITY UNDER A POLICY MAY NOT BE CONSTRUED FROM POLICY
4 APPROVAL BY THE COMMISSIONER.

5 NEW SECTION. Section 9. Codification instruction.
6 [Sections 1 through 7 8] are intended to be codified as an
7 integral part of Title 33, chapter 15, and the provisions of
8 Title 33, chapter 15, apply to [sections 1 through 7 8].

9 NEW SECTION. Section 10. Applicability. ~~Insurers~~
10 ~~offering--personal-lines-policies-in-this-state-shall-comply~~
11 ~~with--{sections-1-through-7}-by~~ [SECTIONS 1 THROUGH 8] APPLY
12 TO ALL POLICIES ISSUED OR RENEWED ON OR AFTER April 1, 1995
13 1996.

-End-

37